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**March 8, 2016**

**TESTIMONY OF CHARLES A. RYAN, ESQ.**

**REGARDING SENATE BILL NO. 409**

**AN ACT CONCERNING THE ASSIGNMENT OF CERTAIN LIENS AND EXPANDING  
HOMEOWNER PROTECTIONS UNDER THE EMERGENCY MORTGAGE  
ASSISTANCE PROGRAM**

My name is Charles Ryan. I am an attorney with an office in Watertown, CT. I have been practicing law since 2010 and my practice focuses almost entirely on representing Common Interest Communities throughout the State of Connecticut.

I am a member of the Connecticut Chapter of Community Association Institute ("CAI-CT"). I am a Member of CAI-CT's Education Program Committee, Conference Committee and the local chapter of the CAI's Legislative Action Committee. I am also a member of the CAI Lawyer's Council for CT.

My practice encompasses all aspects of Association representation and is not limited to debt collection. Accordingly I spend many nights at Board Meetings and Unit Owner Meetings discussing and resolving many issues that affect Connecticut's Common Interest Communities.

Please accept this testimony in opposition of Senate Bill No. 409.

The Committee is urged to reject Sections 2 through 9 of Senate Bill 409, "An Act Concerning the Assignment of Certain Liens and Expanding Homeowner Protections Under the Emergency Mortgage Assistance Program." This bill would require condominiums and other common interest ownership communities to participate in a pre-foreclosure mediation program administered by the Connecticut Housing Finance Authority designed for defaulted mortgages.

I agree WITH and endorse the Testimony of Attorneys Adam J. Cohen and Scott J. Sandler in opposition to this Bill. In addition, I urge the Committee to consider the reality of Connecticut condominiums. Most condominiums in Connecticut, particularly condominiums in the large communities, struggle mightily with association finances every year. The unfortunate reality is that some associations are so poor that they cannot afford insurance. Many associations cannot afford any funding for routine maintenance and repairs. Many associations do not have reserve accounts. This means that any time there is unexpected damage, including tree damage or

excessive snow to be removed from common areas or roofs, special assessments must be imposed even if only to cover the deductible of the association's insurance policy.

The proposed bill, if approved, would delay foreclosures and result in an interruption in funding association budgets. The one thing that associations desperately need in Connecticut is stability to funding association budgets. The inability to complete foreclosure of an association lien in a reasonable period of time will greatly impact the stability of association budgets.

In addition, the increase in the number of pending foreclosures will in turn result in many mortgage lenders declining to make mortgages at such associations. Today, in many associations where owners cannot sell units, the units end up as rental units and/or purchased by investors for far less than the expected market value. This will lead to a significant decrease in property values for all associations and reduce the property tax income for towns and cities.

Any increase in the number of delinquent unit accounts will constitute a genuine financial hardship for most associations and will lead to a significant overall reduction in the value of condominium units. The ability of unit owners to delay foreclosures will encourage additional unit owners to stop paying association common assessments. The provisions of the Bill will lead to a steady downward spiral of the financial condition of many associations and result in a perpetual financial crisis. It is simply not fair, reasonable or even possible for other unit owners to make up for unit owners that are not paying.

Presently, there is often a delay in completing a lien foreclosure when a unit owner files bankruptcy. Even one or two Unit Owners filing bankruptcy can result in a severe hardship to an association. Such hardship is certain in every situation where a foreclosure would be delayed under the proposed Bill.

In closing, I have reviewed Senate Bill 409 and I urge that it be rejected. The Bill, as it applies to associations, is not practical. Associations are not for profit corporations that were never intended to subsidize the expenses of ownership. Instead they are meant to share in the expenses. This Bill, as it applies to associations, causes an undue hardship on the owners that do pay their monthly fees as they would be forced to further share in the expense of those that don't pay.

It is my professional opinion that Senate Bill No. 409 will dramatically hurt the financial stability of associations, lead to a reduction in real property values and reduce the property tax income to towns and cities throughout Connecticut especially those towns and cities with high concentrations of condominiums.

Respectfully submitted,

/s/ Charles A. Ryan

Charles A. Ryan, Esq.